



CALPEEK

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TENSIONS RUNNING HIGH WITHIN RECALL DRIVE, AS ISSA'S RESCUE CALIF. BUTTS HEADS WITH COSTA.

Editor's note: The spin from the 3 different groups attempting to recall Demo Calif. Gov. Gray Davis would have the news media and political insiders believe that everything is *hunky-dory*. It's not. There are some serious tensions between Ted Costa's DavisRecall.com and U.S. Rep. Darrell Issa's Rescue Calif. Here's our update & analysis...

...The recall drive, consisting of Costa's DavisRecall.com and former Assemblyman Howard Kaloogian's RecallGray Davis.com really didn't have the resources until Issa joined the recall movement by forming Rescue Calif. and pouring in some serious personal money. Issa has contributed \$445,000 of the \$844,000 total raised by recall backers...

...But does the guy with *deep pockets* have the kind of control of the recall that he'd like to have? Sources say *NO*. And Ted Costa confirmed that while Issa has the checkbook, he is the official recall *sponsor* – thus it's up to him to determine when completed petitions are turned in. Without Costa's signature on a special letter (used when signatures are turned in to various county registrars), the petitions are *worthless*. And this evidently happened in Fresno and San Diego where thousands of signatures were presented to the registrars *without* the proper authorization letter from Costa. He was *not* pleased that *someone* didn't follow the rules. On May 22nd Rescue Calif. and DavisRecall.com issued statement saying they had joined forces for *signature submission*. Great spin, but that may not be totally accurate...

...Costa, as head of the Sacto-based taxpayer organization *Peoples' Advocate*, is caught in the *\$25 million dilemma*: "Why wouldn't a taxpayer's advocate want to save \$25 million?" Costa told *Calpeek*. Does this statement mean Costa favors the regular March 2nd primary over a special fall election? Some sources say that's exactly what Costa's statement means and this doesn't sit well with Issa or his Rescue Calif. consultants, Sacto-based Gilliard Blanning & Wysocki. Independent sources say tension between GB&W and Costa is very high. As some Demo sources speculate, Costa prefers the March date so that he won't be accused of

wasting taxpayer dollars...

...If it were up to Issa, the signature drive would be finished by *July 3rd*. The actual deadline for submitting 900,000 valid signatures is *Sept. 2nd*. In reality, the recall needs at least 1.3 million signatures to be absolutely sure of qualification. Why the rush? Issa wants a *fall special election* because GOP turnout might be high and Demo turnout fairly low. And with a fall election, it doesn't present any reelection conflicts for Issa. If the recall were in March, Issa would be on a statewide ballot, as well as appearing for reelection in the 49th CD. Demos prefer March because there'll be a big turnout for the *Demo presidential primary*...

...FYI: It's all a matter of dates: if all 1.3 million signatures were submitted in early July, and if the registrars were able to certify in a month, Lt. Gov. Cruz Bustamante would be forced (by law) to call a *special fall election*. But if certification occurs after *Sept. 4th* (180 days prior to Mar. 2nd 2004) then the recall automatically goes to the Mar. 2nd primary ballot, thus saving the State the *\$25 million*. Stay tuned...

BUSH SIGNS U.S. REP. BILL THOMAS' TAX CUT PLAN. BUT WILL TAX CUT GIVE U.S. AN ECONOMIC BOOST?

Editor's note: Now that Pres. George Bush(R) has signed a \$330 billion tax cut bill (+ \$20 billion in one-time State aid), the political pundits and economic gurus will be watching carefully over the next few months to see if this plan will really provide the stimulus to lift the U.S. out of its economic doldrums. Here's our analysis, with a brief look at *winners & losers*...

...The jury will be out until mid-July on whether or not this newest tax cut really can provide a boost. As *Calpeek* has noted before, the Bush plan (which was essentially taken over by House Ways & Means Cmt. Chair Bill Thomas of Bakersfield) had two parts: half the package accelerated the tax changes of 2001 and made it easier for businesses to buy plant & equipment. There was general bipartisan agreement that this part of the plan was *stimulus*. The big controversy was over *dividend taxation* – the other half of the package...

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...While Pres. Bush may have had the right idea about ending double taxation on dividends, the plan was way too complex and didn't have political legs. And Bush wasn't able to articulate what he was trying to do. While Demos saw the dividend tax cut as a giveaway to the rich, Bush's hidden agenda was really to force corporations, through shareholder pressure, to pay taxes and improve their behavior...

...With the U.S. Senate in total chaos (thanks to Senate Majority Leader Bill Frist's blunders), into the power vacuum stepped the *Man from Bakersfield*, Chairman Thomas. Thomas comes out the **big winner**, perhaps bigger than Pres. Bush. Thomas agreed with Bush that the tax system was broken because it favored the use of debt (borrowing money) over equity (the issuance of stock) to raise capital. But instead of using the complex Bush dividend plan to fix it, Thomas went with a suggestion from U.S. Rep. Paul Ryan(R-WI) to tax dividends and capital gains at the same 15% rate. This idea was to force corporations to pay out dividends rather than use tax shelters. Where did Ryan get this idea? From former Pres. Jimmy Carter(D), who in 1976 proposed ending double dividend taxation by taxing them at the capital gains rate. So Ryan's a winner too...

...Another winner: Steve Moore and his DC-based *Club for Growth*. Moore boxed Demos in by running tv ads of former Demo President JFK advocating tax cuts. Demos cried foul, but it was true...

...The big losers: U.S. Senate Democrats. Because of GOP Senate infighting over the size and shape of the tax cut package, Demos could have used their votes to get a payroll tax cut component into the bill – thus helping blue collar union swing voters. Tax reformers spotted about **\$120 billion** in loophole closures and other offsets. Had they pushed, it's possible Demos could have gotten much more than \$20 billion in State aid and payroll tax relief – and still had a \$350 billion package. Insiders blame the Demo screw up on Leader Tom Daschle(SD). He was totally focused on deficits and not on the bigger picture...

...The only negative to this tax cut bill is that lower income, minimum-wage families (and armed forces enlisted personnel) may get screwed out of the \$400 per-child tax break. This is not good news for the GOP or the White House and the person holding up a fix is GOP House Majority Leader Tom Delay...

...FYI: unintended winners are union and employee pension funds and left-leaning institutional investors. Their message to corporate CEOs: pay a bigger dividend or we'll take our millions elsewhere. Stay tuned...

DEMOS BEGINNING TO SEE THE RECALL DRIVE AGAINST GOV. DAVIS AS A SERIOUS GOP EFFORT.

Editor's note: Although *Calpeek* has noted some tension in the recall effort against Gov. Gray Davis(D), nevertheless some Calif. Demos take the Republican effort to topple Davis as serious. Here are some additional short takes about the recall effort...

◆ ***Anti-Recall Campaign*** – The anti-recall campaign launched its own effort on May 28th in Sacto, with the formation of *Taxpayers Against the Recall*. For now this committee will be HQed at the offices of CA Professional Firefighters (916)921-9111. Steve Smith, on leave from the Davis Admin., is in charge, with CPF spokesperson Carroll Wills handling news media inquiries. Coalition includes CA Professional Firefighters, CA Federation of Labor(AFL-CIO), CA Federation of Teachers, CTA and the CA Council of Churches. The anti-recall committee has collected \$344,000 thus far, but *Calpeek* sources think this committee will have a budget of \$2-4 million...

...In addition to building an anti-recall coalition and bashing the GOP recall sponsors, *Taxpayers Against the Recall* has hired Kimball Petition Management to launch a counter-recall signature effort – an ***anti-recall plebiscite***. This is where the bulk of the anti-recall funds are being spent. The plebiscite doesn't have official standing with the Secretary of State, but it may accomplish 2 goals: at \$1 per signature it may cause some of the paid recall petition circulators to switch sides OR force the pro-recall side to pay an equal or larger amount. Until recently, recall signature circulators were getting \$.75 per name. FYI: the pro-recall petition drive, under the direction of Tom Bater, does not have nearly as many experienced circulators as Kimball, nor has Bater been able to lure any of Kimball's crew chiefs away. However, at least two Kimball area coordinators did jump ship...

◆ ***A Key Date*** – June 23rd. That is the next date when county registrars are due to report in to the Secretary of State on the number of raw recall signatures they have. As of the May 27th reporting period, the recall proponents had only about 19,000 signatures. But recall proponent Ted Costa told *Calpeek* his unofficial count of signature collected is about 400,000 as of 6/1/03, with perhaps another 70,000 in the pipeline. Stay tuned...

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CAMPAIGN 2004: RACIAL PRIVACY INITIATIVE GETS HIT BY 4 DEMO LEADERS & ONE KEY GOP LEADER.

Editor's note: The campaign against UC Regent Ward Connerly's Racial Privacy Initiative seems to be going into high gear. Why the increased negative campaign at this time? It may have to do with the recall campaign against Gov. Gray Davis. Here's a brief update about this controversial initiative, as well as some other updates...

☒ **Racial Privacy** – The initiative's full title is *Classification by Race, Ethnicity, Color or National Origin*, but it's also known as CRECNO or simply *The Racial Privacy Initiative*. Newest opponents are AG Bill Lockyer(D), Lt. Gov. Cruz Bustamante(D), Treasurer Phil Angelides(D) and State Sup. of Public Inst. Jack O'Connell. The SPI isn't a partisan office, but O'Connell is a Demo. Also coming out in opposition was the UC Board of Regents. The vote was 15-3 against CRECNO. Among the 15 opposed was Regent Gerald Parsky, who is a member of the operations committee of the CA Republican Party(CRP). Parsky's anti-CRECNO vote didn't go unnoticed by his enemies – especially *Parsky-watch* – the online anti-Parsky group. The leadership of the CRP voted unanimously to endorse the Connerly initiative, thus Parsky's NO vote is interesting and adds a little more fuel to anti-Parsky fires. Regardless, the Coalition for an Informed Calif. is delighted to have Parsky on their side. FYI: the one unknown is the recall against Davis. If it qualifies for a fall ballot, Connerly's CRECNO initiative would be on the same ballot...

☒ **ACA 11** – This legislative constitutional amendment is also set for the Mar. 2nd primary. If approved, it would require that 3% of the general fund budget be set aside for infrastructure spending. Sacto-based Townsend, Raimundo, Besler & Usher has been hired for the YES side of this campaign. FYI: TRB&U is also trying to get lawmakers to place another measure on the March ballot which would allow local governments to pass specific infrastructure tax measures with a 55% vote while a general tax hike would take a 2/3rds vote. As the law currently stands, it's the exact opposite; thus this new proposal is the Local Tax Flip Initiative...

☒ **K-Univ. Public Education Bonds** – Woodward & McDowell will once again manage this huge \$12.3 billion education facilities bond on the Mar. 2nd primary ballot. W&M managed the successful Prop. 46 for \$13 billion last year. And once again the campaign will be under the banner of *Californians for Accountability & Better Schools*. Stay tuned...

CAMPAIGN 2004: CALIFORNIA INITIATIVE UPDATE.

Editor's note: Still only 3 measures for the Mar. 2nd 2004 Calif. primary ballot, but there are 7 measures trying to make the primary ballot and another 11 measures pending at the AG's office awaiting title & summary...

In circulation are the following initiatives:

◆ **Statewide Elections. Fines for Failure to Register or Vote. Statute.** Deadline: 8/14/03. Sponsor: Rev. Christopher DeMars (209)533-1564...

◆ **Peace Policy. Statute.** Deadline: 8/25/03. Sponsor: Vincent Lavery, Kenneth Hudson (559)439-0821...

◆ **Legalized Casino-Type Gambling. City of Adelanto Pilot Program. Constitutional amendment.** Deadline: 9/8/03. Sponsor: Robert W. Wilson...

◆ **Pig Enclosures. Statute.** Deadline: 9/26/03. Sponsor: Jill Mountjoy, c/o attorney Lowell Finley (510)290-8823...

◆ **Consumer Information Privacy. Statute.** Deadline: 9/29/03. Sponsor: Michelle Curran c/o attorney James C. Harrison (510)346-6200. On the street, being circulated by Kimball Petition Mgt...

◆ **Compensation for Govt. Regulation of Private Property. Constitutional amendment.** Deadline: 10/14/03. Sponsor: William Walter (805)541-6601...

◆ **Alternative Income Tax Rate. Statute.** Deadline: 10/14/03. Sponsor: Roland Boucher (949)552-9174...

Awaiting Title & Summary at the AG's Office:

❖ **Fee Enactment** (versions I-V). Sponsor: Larry McCarthy (CA Taxpayers Assn.) and Allan Zaremborg (CA Chamber of Commerce)...

❖ **Political Contributions.** Sponsor: Charles St. George Holden...

❖ **Budget Accountability Act** (versions I & II). Sponsor: attorney James Harrison...

❖ **Corporate Tax Accountability Act.** Sponsor: Lenny Goldberg, Roy Ulrich...

❖ **Cruel and Inhumane Confinement of Pigs** (versions I & II). Sponsor: attorney Lowell Finley...

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CALPEEK'S INFOBAHN: POLITICAL SHORT TAKES.

Editor's note: Here are a few items, political & otherwise, worth noting...

■ **Demo Presidential Debate @ UCLA** – Mark your calendars for June 26th at the Ackerman Grand Ballroom at UCLA (5-6:30 p.m.). The Demo presidential debate topic is the environment and is sponsored by the League of Conservation Voters(LCV) and the CA League of Conservation Voters. According to the news release, confirmed to appear are U.S. Senators Joe Lieberman, John Kerry and Bob Graham; former VT Gov. Howard Dean; and former U.S. Sen. Carol Mosley Braun...

■ **25th Anniversary of Prop. 13** – June 6th marks the 25th anniversary of the passage of *Proposition 13* – aka *The Jarvis/Gann Initiative*. Critics still hate it, but there's little doubt Prop. 13 saved thousands of people from losing their homes due to skyrocketing property taxes. GOP consultant Joel Fox, the former president of the Howard Jarvis Taxpayers Assn., has written a new book about Prop. 13: *The Legend of Proposition 13 – The Great Calif. Tax Revolt*. It's published by Xlibris Corp.(1-888)795-4274...

■ **\$808,000 FPPC Fine Upheld in Court** – Remember the unsuccessful recall campaign against former State Sen. David Roberti(D-L.A.)? A recall was launched against Roberti (author of the original assault weapon ban law) by pro-gun supporters Russ Howard and Stephen J. Cicero in 1994 – at the same time Roberti was running for State Treasurer. The FPPC fined Howard and Cicero in 1995 for more than 400 violations of the Political Reform Act. It's the largest fine ever imposed by the FPPC. A Sacto court upheld the FPPC fine in 2001 and on May 29th an appeals court upheld the lower court's ruling...

■ **Hacienda Heights Cityhood Vote Fails** – By a very wide margin, a vote on cityhood for the San Gabriel Valley community of Hacienda Heights (pop. 53,000) went down by a 63.13% NO vs. 36.87% YES vote on June 3rd. About 10,800 people cast ballots. Had cityhood been approved, Hacienda Heights would have been L.A. Co.'s 89th city. Key reason why Measure HH went down: money. If cityhood had been approved, the new city would have had to fork over \$19 million to L.A. Co. as "alimony." There were 17 candidates on the ballot – and our sources were right: Ken Manning and Charles House were the top vote getters, but it doesn't mean a thing because HH failed...

■ **Davis Backs SB 1 – Financial Privacy Bill** – Very unusual, but Gov. Gray Davis(D) on June 3rd announced

his support for SB 1 – the financial privacy bill by State Senators John Burton and Jackie Speier. SB 1 has already been approved by the State Senate, but awaits an uncertain vote in the Assembly's Banking & Finance Cmt. on June 9th. There's intense lobbying by banks and other financial institutions against SB 1. Should it fail to pass (as it has in the last 3 years), there's an initiative now on the street collecting signatures which has even tougher language than SB 1. Stay tuned...

CALPEEK'S CALENDAR OF POLITICAL EVENTS

June 5-10	71 st annual U.S. Conf. of Mayors, Denver, CO
June 26	Demo presidential debate at UCLA (Ackerman Grand Ballroom) 5-6:30 p.m. Sponsored by CLCV & LCV. Info (510)763-5616.
July 23-26	Nat'l Conf. of State Legislatures annual meeting, S.F.
July 26-28	DLC Nat'l Convention, Philadelphia, PA
July 29-Aug. 1	Council of State Govts- <i>West</i> annual meeting, Honolulu, HI. (916)553-4423 for info.
Nov. 4	S.F. Muni Election + other cities

CALPEEK'S NEW JOBS AND PERSONNEL NOTICES.

Editor's note: Here are some items to mark down in your notebook...

● A sad note: former CA Supreme Court Associate Justice David Eagleson, 78, died May 23rd in Long Beach after a brief illness. He served on the high court from 1987-91. R.I.P...

● Resigning: as of June 30th, U.S. Treas. Rosario Marin will return to the L.A. area. She's the 41st U.S. Treasurer and is the former mayor of Huntington Park...

● Gov. Davis has appointed Ruth Forney, 53, to the Solano Co. Bd. of Supes. She replaces Skip Thomson, who is now the County Assessor/Recorder...

● The L.A. office of The MWW Group has been awarded a *Gold Sabre Award* for its NO on J&L campaign (on behalf of Thomas Properties) in the City of El Segundo in 2002...

● Wilk & Associates and LEGG have moved their offices to 201 Mission Street, Ste. 700, S.F., CA 94105. (415) 398-2000...

● Field Research Corp. (The Field Poll) has moved to bigger digs in the same building: 222 Sutter Street, Ste. 700, S.F., CA 94108. (415)392-5763...